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ABSTRACT

The outstanding accomplishment reported in the fifth annual report of the Ohio College Library Center (OCLC) was the implementation, operation, and enhancement of the on-line union catalog and shared cataloging system. Another important development in the history of the Center was the decision by the Members to extend membership to include non-academic libraries in Ohio. (The previous four annual reports of OCLC are available as ED 059 730.) (Author/NH)

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ED 067118

Ohio College Library Center

Annual Report

1971/1972

: LI 003 869

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Rio Grande College
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United Theological Seminary
University of Akron
University of Cincinnati
University of Dayton
University of Toledo
Urbana College
Walsh College
Western College
Wilmington College
Wittenberg College
Wright State University
Xavier University
Youngstown State University

TO: The Board of Trustees

I have the honor to submit my fifth Annual Report.

The outstanding accomplishment of the year was the implementation, operation, and enhancement of the on-line union catalog and shared cataloging system. Participating libraries cataloged a total of 336,307 titles on the system, and during January through June 1972, cataloging was at a rate higher than a half million per year with annual catalog card production at a rate of over 3.4 million.

The first payment of the subsidy from the Ohio Board of Regents became available in early February. The Legislature had acted favorably on the appropriations bill in mid-December, after a half-year delay. The two-fold purpose of the subsidy is to enable OCLC to reach a level of operation in the first two years that will be cost beneficial for Members and to give Members a two-year period to take advantage of normal attrition of personnel to transfer salary payments to OCLC. Needless to say, the membership has repeatedly expressed gratitude to the Board of Regents for assistance in surmounting the financial hurdle generated by full staff complements and full payments for a new system.

Another important development in the history of the Center was the decision by the Members to extend membership to include non-academic libraries in Ohio. Those who brought OCLC into being during the mid 1960's had often expressed inclusion of non-academic libraries as a hope for the future. With the extension of membership, the Center will be able to provide benefits to many more Ohio libraries.

Accomplishments

The Center implemented the on-line union catalog and shared cataloging system with the first institution, Ohio University, on 26 August 1971, and added the remaining 48 members plus the Pittsburgh Regional Library Center in the following month and a half. Subsequently, OCLC added a terminal in Atlanta, Georgia for the Cooperative College Library Center (CCLC) in accordance with the contract with the Office of Education described in the last Annual Report. Similarily, the New England Library Information Network (NELINET) initiated a test of the OCLC system with a terminal located at Dartmouth College in Hanover, New Hampshire for which the Council on Library Resources furnished financial support. Also, the Union Library Catalog of Pennsylvania (ULC) began a test and demonstration of the OCLC system with terminals at Drexel University, Temple University, and the University of Pennsylvania. Centers external to Ohio reimburse the Ohio College Library Center for all expenditures.

Center	Total Titles Cataloged	Titles Cataloged Using Existing Records	Input Cataloging
Ohio College Library Center	295,923	210,390	85,533
Cooperative College Library Center	14,339	13,305	1,034
Pittsburgh Regional Library Center	8,257	8,243	14
New England Library Information Networks	9,101	7,290	1,811
Union Library Catalog of Pennsylvania	8,687	7,794	893
Total	336,307	247,022	89,285

Table 1: Titles cataloged from 26 August 1971 through 30 June 1972.

Table 1 records the number of titles that OCLC Members and other regional centers cataloged from 26 August 1971 through 30 June 1972.

When the on-line system began operation in late August, its principal capabilities were display of union catalog information and on-line cataloging employing MARC II records. However, a terminal operator could extensively edit a MARC II record for catalog card production, and in September the Center's staff added a reformat function whereby the operator can request the computer to reformat on the terminal screen cataloging information in edited form. In mid-October, the Center added the capability of doing input cataloging employing cataloging information not already in the system. When input cataloging began operation, it was necessary for the Center to discontinue addition of MARC II records to the data base until a complex program was available that could detect whether or not there was already in the data base a cataloging record that was a duplicate of a new MARC II record. The center chose to implement input cataloging before it had the ability to add MARC II records to the data base because with input cataloging activated a library could catalog any title, whereas previously a library could only catalog books in the MARC II data base. The Center began again to add MARC II records in mid-January 1972. After that time, the major capabilities of the system were available.

There were still absent, however, a dozen functions. Absence of some functions degraded the system, and absence of others generated nuiscance values of various magnitudes. Members justifiably became restive, and the Center's programming staff continued working in overtime mode during the remainder of the year in an effort to activate remaining functions. At the year's end, the staff had succeeded in implementing half of the desired functions, but unhappily the extended search function, whose absence degrades the system more than the absence of any of the rest of the dozen, was still among the missing; the extended search function will enable a terminal operator to retrieve a desired record when a search key produces too many entries for convenient optical searching on successive screens. The staff has scheduled the extended search function for implementation in September 1972.

Libraries are using the system extensively for other than cataloging. Monitoring of incoming messages has revealed that 5.6 accesses to indexes occur for each title cataloged, whereas it is most unlikely that average uses of indexes could exceed 2.25 per title for cataloging purposes only. Hence, it appears that member libraries are putting more inquiries to the system to obtain union catalog information, information for book selection, bibliographic information, and so on, than for purposes of cataloging. One major objective of the OCLC system is to make library resources throughout Ohio available to students and faculty in member institutions, and this analysis of usage seems to justify the opinion that the system is indeed increasing availability of resources.

Subsequent to activation of input cataloging, reports began to circulate among the membership about the varying quality of cataloging done by Members. In some cases, differences resulted from policy, and in others from inadequate quality. Because of the flexible and extensive editing capabilities of the system, any library can improve or change an existing record for card production. Nevertheless, such "improvements" tend to generate an exasperation quotient all out of proportion to the effort invested in the "improvement". It was clearly most desirable that the membership eliminate these sources of annoyance.

The Advisory Committee on Cataloging convened in a series of meetings from December 1971 to April 1972 to discuss methods for improving quality of input cataloging, while maintaining input costs at the lowest possible level.

The Committee produced a series of recommendations for standards for input cataloging that the membership reviewed and approved in a meeting on 17 May 1972. That membership meeting also appointed a committee to work out the procedures for implementing the standards for input cataloging.

The Council on Library Resources awarded a six-month grant of $53,589 to NELINET to begin on 1 January 1972 to test the transferability of the Ohio College Library Center's computer-based bibliographic system to other groups of libraries. Phase I was a computerized simulation of the OCLC system and Phase II an evaluation and demonstration of the OCLC system at the Baker Library of Dartmouth College.

COMRESS, Inc., the firm that carried out the simulation for OCLC in 1969, performed the new simulation for NELINET. COMRESS simulated for 35, 75 and 249 libraries the system at OCLC employing the IBM 370/155 computer in the Ohio State University's Instruction and Research Computer Center. Because the shared cataloging system was in operation, COMRESS was able to validate the model of the system in comparing computed results with observed results. The simulation included three sets of systems: 1) shared cataloging only; 2) shared cataloging, serials control, and technical processing; and 3) shared cataloging, serials control, technical processing, remote catalog access and circulation control, and retrieval by subject. In summary, COMRESS reported that, "The OCLC system appears to be capable of performing the functions required by the NELINET consortium, be it 35,75 or 249 libraries." The "OCLC system" simulated included additional units of equipment; the present configuration could not possibly handle all five subsystems for 249 libraries. The COMRESS report warned, however, that "simulations for NELINET were configured to represent an equal distribution of messages on each route over the network. When faced with the environment of the real world, of determining which libraries will share a common route, this will be the most significant factor in the performance of the system, as currently conceived."

Phase II of the demonstration involved use of a terminal at Dartmouth, where records were kept of costs before and after on-line cataloging began in February. Dartmouth found full cataloging including card production cost to be $.72 per title if cataloging information was in the OCLC data base; this cost excludes the cost of the OCLC system and includes only costs incurred at the Baker Library. Cataloging cost for titles not in the OCLC data base was $3.02. Moreover, Dartmouth was able to reduce its cataloging staff through attrition subsequent to implementation of the OCLC system by seven full time positions and three full-time equivilant parttime positions.

In reference to paying full OCLC fees, Dartmouth concludes that "with a savings of over $16,000 in rental charges for MT/ST and MCRS, with little loss in efficiency, plus the tremendous staff savings we can readily meet the projected costs and still show a budgetary decrease."

The 1969/70 Annual Report contained an estimate of net savings that the membership as a whole would experience when the system was in full operation. At the time of the estimate, the Center calculated that member libraries would be able to average six titles per hour cataloged on each terminal, and that an average of 1460 titles or more per day would be cataloged. Subsequently, the time of "full operation" was predicted to be at the end of the second operational year. From January through June of 1972, OCLC member libraries used existing cataloging information at 82.6% of the rate in the original estimate; presumably after another year has passed and the on-line catalog has grown, use of existing cataloging information will attain the originally estimated rate. Moreover, OCLC Members have reported cataloging on terminals at rates extending from 5.9 to 20 titles per hour per terminal, so that it is clear that the original estimate of 6 per hour was low. Hence, it appears that if the system is not now cost beneficial, it soon will be.

The system has proved to be reliable, and there have been entire weeks of operation from 7:00 a.m. to 7:00 p.m. when the system has not experienced a single unscheduled cessation of operation known as a "crash". The telephone lines have also proved to be reasonably reliable, once they were operating at an acceptable level of freedom from noise. The Irascope terminals have been the least reliable component of the hardware configuration. Operation of the terminals revealed weaknesses in two modules, and the manufacturer is currently in process of replacing these modules with new circuits that give improved performance. During a three-month period, the terminals operated at 92% uptime; it is generally considered that 95% uptime is the most to be hoped for from a computer. The Sigma 5 far exceeds 95% uptime.

The family of programs that constitute the software component of the system have been gratifyingly free of failure, but of course, have not been entirely free. Whenever the staff inserts a modification to the programs to activate a new function, there immediately follows a predictable sharp rise in "crash" rate. Extermination of the bugs that the new modification generated depresses rate of failure, but not always to the original rate.

This phenomenon will require partial redesign and redevelopment of programs.

Several staff members investigated performance of various search keys for an author index and a call number index, and were preparing papers reporting findings at the end of the year. The author index will enable a terminal operator to call up onto the screen a list of truncated entries of all titles in the catalog record file by a single author. Similarily, the call number index will make it possible to retrieve a specific title having a specific call number in a given institution.

As related in last year's Report, the Center gave a series of clinics at the Center's offices in early July to give one staff member in each library experience in using a terminal. Subsequently, there were terminal tutorials in selected member libraries that staff members from every member library attended. At the request of the membership, the Center instituted scheduled terminal tutorials at the Center's offices for one day every other month. New staff members in OCLC libraries, as well as staff members wishing to refresh their knowledge of terminal operation, attend these tutorials.

As those in other states and in other lands heard of the success of OCLC, they began to visit the Center to see for themselves. Some are curious, some are seeking a solution to a specific problem, and some are interested in replication of an OCLC system. Visitors have come from every major geographic area of the world, except China, and by December they were coming every day. Therefore, it was necessary for the Center to reserve Mondays for visitors, many of whom also wish to see the Ohio State University Libraries remote catalog access and circulation control system that is the first major new development of a computerized user service that is not available in classical librarianship. The Center and the OSU Libraries have coordinated their visitor schedules for the coming year. Visitors will go to OSU on Monday mornings, and the Center will receive visitors at 1:30 p.m. Monday afternoons.

In the first part of the year the Center established an Advisory Committee on Serials and an Advisory Committee on Technical Processing, each of which has members from a score of institutions. Both committees worked long and diligently to define products of the two systems. In addition, the advisory Committee on Serials produced a document entitled "Recommended Standards for the Cataloging of Serials".

By the end of the year, these committees had succeeded in producing a system design on which the programming staff could start to work. The Ohio State University Libraries generously agreed to make available four programmers to work on the technical processing system beginning in September 1972. OSU was about to initiate a similar activity and decided to work with the Center instead by making available programmers that would have been working on the OSU system. The check-in module of the serials control system is scheduled for implementation in December 1972, and the technical processing system is to be operating 1 April 1973. Were it not for the assistance from OSU, implementation for the technical processing system would necessarily be at a much later date.

The reduction of the original research proposal to support research and development from 1 July 1971 through 31 December 1972 from $215,000 to $150,000 made necessary the elimination of work on one of the three systems on which work was proposed in the Grant request. A poll of the membership early in the year showed that Members overwhelmingly wanted a technical processing system and serials control; the circulation system was a very poor third. Therefore, the Center has deferred development of a remote catalog access and circulation control system.

Planning

One of the most important developments during the year occurred at a membership meeting on 17 May 1972, at which the Members voted unanimously to extend membership in the Center to other Ohio libraries, providing that the inclusion of other libraries would not jeopardize the Center's exemption from payment of income taxes. The Board of Trustees also initiated activity to extend membership on the Board so that there will be individual members having special competance in such field as law, economics, and computation. The Trustees are considering this possible change because of the change in character and operation of the Board. In the first year of the Center's existence, the Board met thrice; this year it met ten times. In other words, the Board has changed from being a constitutional type of Board to having become a consultive Board.

During the year, the Director worked with several other regional library centers on agreements designed, with one exception, to facilitate implementation of an OCLC-like system in the other regions. The exception is the Pittsburgh Regional Library Center that is too small to support an OCLC-like system; it is anticipated that PRLC will operate as a satellite node to OCLC.

Replication of the OCLC system in other regions will reduce development expenditures by OCLC members in the long run. Development activities at other centers will be coordinated so that programs produced elsewhere can be embedded into any OCLC system. Futhermore, it is intended that the centers will be linked together telephonically so that OCLC members will further benefit from a greatly enlarged pool of bibliographic records and an equally enlarged store of union catalog information.

The Center signed a new agreement with the Pittsburgh Regional Library Center, and it is expected that more PRLC members will participate on-line with OCLC during the coming year. Agreements with the Five Associated University Libraries (FAUL) and the New England Library Information Network (NELINET) were nearly ready for signatures at the end of the year. Each of these agreements calls for the other regional center to participate only in the on-line shared cataloging system of OCLC for a maximum of three years, at or before which time, each Center will have its own computer system. The other regional centers will reimburse OCLC for all expenses, and for their share of the use of the central installation. They will also reimburse OCLC for necessary additional communications expense, but will supply their own terminals. If FAUL and NELINET do participate on-line with OCLC, the initial effect of their participation will be to reduce OCLC Membership Fees, and to increase availability of cataloging records.

The Union Library Catalog of Pennsylvania and OCLC worked out an agreement that was satisfactory for ULC, but proved unsatisfactory for OCLC. The two centers will continue to work on the definition of their relationship.

At the Annual Meeting on 12 November 1971, the membership expressed an interest in extension of borrowing privileges among OCLC libraries to other than faculty members. The Chairman appointed a committee to make a recommendation on extension of borrowing privileges that gave a preliminary report at the membership meeting on 17 May 1972. The committee is working in the direction of recommending extension of borrowing privledges to graduate students and undergraduates. In addition, it is contemplating recommending establishment of an interlibrary loan clearance center.

Organization

At the Annual Meeting on 12 November 1971, the membership reelected Robert F. Cayton, and Philip R. Shriver, and elected James V. Jones to the Board of Trustees. Subsequently, the Trustees elected Hyman W. Kritzer as Chairman, Lewis C. Branscomb, Vice-Chairman, Robert F. Cayton, Secretary, and John H. Becker, Treasurer.

The United Theological School in Dayton joined the Center at the beginning of the year, and at the end of the year, the Medical College of Ohio informed the Center it intended to become a member in 1972/73. John Carroll University and Mount Union College did not renew their memberships. Capital University rejoined the Center at the beginning of the year, but toward the end of the year informed the Center that it would again not renew its membership. Throughout the year there were 49 active members, one fewer than last year.

The Director reorganized the Center's staff and appointed Philip L. Long as Assistant Director. Mr. Long is now responsible for the Information System Research Section, Information System Engineering Section, Maintenance Section, and Operations Section. The Bibliographic Systems Section and administrative personnel report to the Director.

Finances

The Center's financial statements for the year ending 30 June 1972 and Haskins & Sell's report on their examination of these statements are appended to this Annual Report.

The grant awards from the Council on Library Resources, and the U. S. Office of Education, that last year's Report announced, supported research and development activity through the year. The Center initiated action to seek renewal of these grants following 31 December 1972.

The State Legislature took final and favorable action in mid-December 1971 on the subsidy so hopefully described in the 1970/71 Report, but it was not possible for the Board of Regents to make the first payment of the subsidy until the first of February 1972. Since Membership Fees were only to support one-third of the year's operation, the Center would have run out of funds at the end of October had not some of its creditors been willing to accept delayed payments. Also, a loan of $77,000 from the Center's banking institution bridged much of the gap between November first and February first.

The calculation of Membership Fees for 1971/72 employed essentially the same type of data and formula that the membership approved on 17 April 1968. The data was the number of titles each library cataloged during 1969/70, the most recent year for which data existed in the Spring of 1971 when the Center calculated the fees. At the annual meeting on 12 November 1972, the membership approved adjustment of the 1971/72 fees after the end of the year with the adjustment to be based on the actual use throughout the year of records existing in the system for cataloging. Experience of use of the system will be the basis for calculating Membership Fees for 1972/73.

It cannot be pointed out too emphatically or too clearly that the formula for calculating Membership Fees assigns all costs for operation of the present system to cataloging, whereas as reported in an earlier section, Members put more inquiries to the system for other purposes than they do for cataloging.

The budget approved for 1972/73 totals $842,322 excluding grant funds supporting research and development. Revenues will be : Membership Fees $507,989; State Grant Income $193,333; Catalog Card Income $94,000; and other Income $47,000.

Publications

The Center's staff prepared and published the following reports and articles:

Standards for Input Cataloging (2 June 1972)

A Brief Description of the Serials Control System: A Preliminary Report (September 1971)

A Preliminary Description of the OCLC Serials Control System (October 1971)

Manual For Checking-In, Binding, And Claiming of Serials on a CRT Terminal - Draft of Preliminary Procedures (December 1971)

Suggested Minimum Requirements For Cataloging Serials (January 1972)

Recommended Standards For The Cataloging Of Serials (May 1972)

OCLC Technical Processing System -
A Preliminary Outline
(February 1972)

The Technical Processing System - The Ohio
College Library Center
(May 1972)

Long, Philip L.; Rastogi, K.B.L.; Rush, J.E.;
and Wyckoff, J.A.: "Large On-Line
Files of Bibliographic Data: An
Efficient Design and a Mathematical
Prediction of Retrieval Behavior",
IFIP Congress 71; Ljubljana - August
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145-149.

Long, Philip L.; "OCLC Systems: Technical Aspects",
Proceedings of the EDUCOM 1971 Fall
Council Meeting and Conference
pp. 98-100

Long, Philip L.; Kilgour, Frederick G: "Name-
Title Retrieval From a MARC File",
Journal of Library Automation
4 (Dec. 1971), 211-212

Long, Philip L.; Kilgour, Frederick G.: "A
Truncated Search Key Title Index",
Journal of Library Automation
5 (March 1972) 17-20

Kilgour, Frederick G.; Long, Philip L.;
Leiderman, Eugene B.; Landgraf,
Alan L.: "Title-Only Entries Retrieved
by Use of Truncated Search Keys",
Journal of Library Automation
4 (Dec. 1971) 207-210

Kilgour, Frederick G.; "Ohio College Library
Center System", Proceedings of the
EDUCOM 1971 Fall Council Meeting and
Conference, pp. 92-97

Kilgour, Frederick G.; "Evolving, Computerizing,
Personalizing", American Libraries
3 (Feb. 1972) 141-147

HASKINS & SELLS
CERTIFIED PUBLIC ACCOUNTANTS

250 EAST BROAD STREET
COLUMBUS 43215

ACCOUNTANTS' OPINION

To the Board of Trustees of
The Ohio College Library Center:

We have examined the balance sheet of The Ohio College Library Center as of June 30, 1972 and the related statements of income and members' equity and changes in financial position, and the supplemental schedule of cost reimbursement grants for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements and supplemental schedule present fairly the financial position of the Center at June 30, 1972 and the results of its operations and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Haskins & Sells

September 14, 1972

THE OHIO COLLEGE LIBRARY CENTER

BALANCE SHEET, JUNE 30, 1972 AND 1971

	JUNE 30 1972	JUNE 30 1971
A S S E T S		
CURRENT ASSETS:		
Cash (including $200,689 in 5% unrestricted savings accounts at June 30, 1972)	$222,754	$11,087
Accounts receivable:		
Members' dues	23,148	1,815
Catalog cards	19,434	7,439
Terminal charges	18,685	
Employees		25
Unreimbursed grant costs (Note 2)	24,303	6,837
Prepaid expenses	2,087	1,102
Total current assets	310,411	28,305
PROPERTY - At cost:		
Office furniture and fixtures	10,523	8,093
Office improvements	2,204	2,204
Total	12,727	10,297
Less accumulated depreciation	3,403	2,350
Property - net	9,324	7,947
TOTAL	$319,735	$36,252
L I A B I L I T I E S		
CURRENT LIABILITIES:		
Accounts payable	$ 7,468	$ 7,594
Accrued and withheld payroll taxes	4,800	7,275
Members' dues received in advance	42,748	9,039
Grant funds received in advance of related costs (Note 2)		648
Deferred income - State of Ohio (Note 3)	193,333	
Total current liabilities	248,349	24,556
MEMBERS' EQUITY (Notes 1 and 4)	71,386	11,696
TOTAL	$319,735	$36,252

See Notes to Financial Statements

THE OHIO COLLEGE LIBRARY CENTER

STATEMENT OF INCOME AND MEMBERS' EQUITY
FOR THE YEARS ENDED JUNE 30, 1972 AND 1971

	YEAR ENDED JUNE 30 1972	1971
INCOME:		
Members' dues	$234,176	$ 86,417
Catalog cards	84,585	30,670
State of Ohio (Note 3)	386,667	
Terminal charges	28,347	
Interest	689	633
Total	734,464	117,720
EXPENSES:		
Salaries and wages:		
Director	28,600	28,600
Systems analysts	50,774	18,205
Clerical	10,300	12,637
Total	89,674	59,442
Rentals (Note 3):		
Data processing equipment	193,881	
Peripheral terminals	155,856	
Long-distance communications	138,176	
Other	7,333	11,475
Catalog cards and other data processing supplies	40,751	11,948
Professional services	9,543	4,795
Employee benefits	8,120	4,183
Outside secretarial services	6,038	
Telephone	5,634	3,297
Printing and duplicating	4,521	4,960
Payroll taxes	4,339	2,316
Office supplies and expense	3,287	3,007
Travel	2,320	2,584
Depreciation (straight-line method)	1,053	850
Dues and subscriptions	938	1,246
Other	3,310	963
Total	674,774	111,066
NET INCOME (Note 1)	59,690	6,654
MEMBERS' EQUITY AT BEGINNING OF YEAR	11,696	5,042
MEMBERS' EQUITY AT END OF YEAR (Notes 1 and 4)	$ 71,386	$ 11,696

See Notes to Financial Statements

THE OHIO COLLECE LIBRARY CENTER

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED JUNE 30, 1972 AND 1971

	YEAR ENDED JUNE 30 1972	1971
SOURCES:		
Operations:		
Net income	$ 59,690	$ 6,654
Depreciation	1,053	850
Total from operations	60,743	7,504
Increase in deferred income - State of Ohio	193,333	
Increase (decrease) in members' dues received in advance	33,710	(10,784)
Total sources	287,786	(3,280)
USES:		
Increase in accounts receivable	51,987	9,083
Increase (decrease) in unreimbursed grant costs	17,467	(423)
Decrease (increase) in accrued and withheld payroll taxes	2,475	(5,300)
Property additions	2,430	2,601
Increase (decrease) in prepaid expenses	985	(3,356)
Decrease in grant costs received in advance	648	7,735
Decrease in accounts payable	127	4,855
Total uses	76,119	15,195
INCREASE (DECREASE) IN CASH	211,667	(18,475)
CASH AT BEGINNING OF YEAR	11,087	29,562
CASH AT END OF YEAR	$222,754	$ 11,087

See Notes to Financial Statements

THE OHIO COLLEGE LIBRARY CENTER

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1972

1. ORGANIZATION AND TAX STATUS

The Center is a non-profit corporation organized to establish and operate a computerized, regional network to serve academic institutions. The Center members, presently academic institutions in Ohio, are charged annual dues in advance based generally on their book processing volume. No Center earnings will be distributed to the members. In the event of dissolution, the Board of Trustees shall adopt such plan for distribution of remaining assets as shall be consistent with the purposes of the Corporation.

The Center has obtained tax exempt status under the appropriate section of the Internal Revenue Code and accordingly no provision for Federal income tax has been made.

2. COST REIMBURSEMENT GRANTS

The Center has received various cost reimbursement grants relative to developing a computerized regional shared-cataloging system. These costs are not charged against Center income, since all covered costs are reimbursed by the grantors.

3. DEFERRED INCOME - STATE OF OHIO

During the fiscal year ending June 30, 1972, the Center received $580,000 from the State of Ohio representing an appropriation to subsidize the activities of the Center until such time as the member institutions make anticipated budgetary adjustments sufficient to pay increased member dues. As designated by the Center in their original budget request to the State, two-thirds ($386,667) of the total appropriation was recognized as income in the year ended June 30, 1972 with the remainder ($193,333) deferred to 1973 at which time the Center's Board of Trustees anticipates the Center will be self-supporting.

(Continued) - 1

4. LEASE OBLIGATIONS

As of June 30, 1972, the Center was obligated under an agreement dated February 19, 1970 (revised June 1971) to lease certain electronic data processing equipment for six years beginning July 1971 at an annual rental of approximately $195,600. The lease includes an option to purchase any or all of the equipment during the lease period for a maximum purchase price of the greater of $865,000 reduced by 65% of rentals paid to the exercise date, or $259,500.

In July 1971 the Center also signed a three-year lease agreement for certain peripheral terminal equipment with annual rentals, including maintenance costs, of approximately $157,000. This lease includes an option to purchase any or all of the equipment during the lease period for a maximum purchase price of $453,750 reduced by 80% of rentals paid to the exercise date.

The Center leases long-line telephone service and certain peripheral communications equipment from American Telephone and Telegraph Company on a month-to-month basis. For these services the Center expects to incur annual costs of approximately $144,000 during the fiscal year ending June 30, 1973.

(Concluded) - 2

THE OHIO COLLEGE LIBRARY CENTER

COST REIMBURSEMENT GRANTS (NOTE 2)
FOR THE YEAR ENDED JUNE 30, 1972

	OFFICE OF EDUCATION	COUNCIL ON LIBRARY RESOURCES, INC.	TOTAL
UNREIMBURSED GRANT COSTS AT JUNE 30, 1971	$ 6,837		$ 6,837
GRANT FUNDS RECEIVED IN ADVANCE AT JUNE 30, 1971		$ 648	648
COSTS INCURRED:			
Salaries	81,255	10,764	92,019
Payroll taxes	2,892		2,892
Computer rental	7,522	1,786	9,308
Travel	2,764	612	3,376
Consultants	100		100
Printing	6,300	6,135	12,435
Data set installation		3,703	3,703
Other	1,359	871	2,230
Total	102,192	23,871	126,063
TOTAL - NET REIMBURSABLE COSTS	109,029	23,223	132,252
GRANT FUNDS RECEIVED DURING THE YEAR	87,949	20,000	107,949
UNREIMBURSED GRANT COSTS AT JUNE 30, 1972	$ 21,080	$ 3,223	$ 24,303

See Notes to Financial Statements